INCOMING TELEGRAM *Department of State* ACTION COPY

SECRET

Control: 5899
Rec'd: September 15, 1954 5:19 a.m.

Action ARA

Info SS SP R P

FROM: Guatemala City

TO: Secretary of State

NO: 566, September 14, 8 p.m.

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 15 1954

This Document Must Be Returned To DC/R Central Files

714.00/7-1454

I met this afternoon with President Castillo Armas and discussed political situation of Guatemala with him for hour and half. He outlined his plans for calling Constituent Assembly. Admitted certain difficulties in forming a Cabinet, but in general seemed confident he could control situation.

Castillo emphasized that details of plan for calling Constituent Assembly were still top secret, and I promised regard matter as confidential. He explained that first step would be promulgation of new electoral law, which would probably take place September 20; next would be elections for Assembly, probably in October, and at same time people would be asked to vote "yes" or "no" on whether he should be President for fixed period--either 4 or 5 years. When Constituent Assembly met it would go over and approve, or amend all acts of government to date and proclaim provision as constitution--probably present political statute with suitable amendments--which would vest President with both executive and legislative powers; Assembly would then instruct President prepare draft of new constitution for submission to another Assembly to be elected later, and dissolve itself.

I pointed out that complete dissolution of Assembly would leave government without means of ratifying loan agreements with lending agencies or new contracts with foreign companies, this possibly impeding economic development of country, and I suggested he study possibility of having Assembly adjourn subject to recall by President to consider only specific items submitted by executive. I thought this might be improvement and suggested Embassy officers discuss matter with Carlos Recinos, one of his legal advisers.

I then asked Castillo whether he had decided on composition of new Cabinet. He said he had not and that it was very difficult to find sufficient men of ability who could work together to fill various posts. He went on to say he was most anxious to obtain collaboration of Juan Cordova Cerna but cited instance after instance when he had requested Cordova's advice or help and latter had declined to give it. Recently he had offered appoint Cordova Foreign Minister, but Cordova had declined.

Castillo said

CSA SECRET FILE

OCT 5 1954

Correction made by DC/R

PERMANENT RECORD COPY

SECRET

This copy must be returned to DC/R central files with notation of action taken

REPRODUCTION FROM THIS COPY, IF CLASSIFIED, IS PROHIBITED

INCOMING TELEGRAM SECRET 9/18/54, 8 a.m.
CORRECTED PAGE 2

-2- 269, September 14, 8 p.m., from Guatemala City. Cn. 5899

Castillo said he was willing appoint Cordova to any post in administration if he could be sure of his loyal cooperation but events to date caused him to question Cordova's sincerity. He was still keeping door open to include Cordova on his team, but latter must recognize there could only be one captain: The President.

I said we would be happy discuss matter with Cordova and suggested our position, not only with him but with others, would be improved if we could convey President's assurance there would be genuinely free elections at end his term. He expressed in strongest language his intent to hold free elections, without a government-imposed candidate, and pointed out that logical way acquire popular support was by efficient collaboration with government.

I intend to sound out Cordova Cerna at earliest opportunity on conditions for his collaboration. I believe if he could be induced accept responsibility in government on terms mutually acceptable to him and Castillo it would enable Castillo recruit type of Cabinet needed to create confidence in government, lack of which to date has been major cause of political and economic instability.

Situation here will, of course, be unstable for some time. We shall continue work for unity anti-Communist forces in support Castillo as the only person in sight who at this time has sufficient civilian and military support to lead the nation. We are concerned however lest announcement term of four to five years for Castillo will cause additional defection and are exploring feasibility suggesting Castillo his fixed term should be for shorter period.

PEURIFOY

SW:BD

DEPARTMENT OF STATE
RECEIVED
OCT 5 1954
SECRET FILE

This Document Must Be Returned To
BC/R
Central
Files

SECRET